

Research on the Influence of Overseas M&A on the Service Oriented Transformation of Manufacturing Enterprises From the Perspective of Resource Quality

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Abstract:

Based on the 148 M&A samples of listed Chinese manufacturing companies from 2001 to 2018, this study demonstrates from an empirical perspective the feasibility for manufacturing companies to realize service-oriented transformation through overseas M&A. Research shows that overseas M&A can improve the servitization level of manufacturing enterprises, and the resource local stickiness of target enterprises can significantly enhance this improvement; Further study on the influence of industry heterogeneity found that in industries with slow industrial clock speed, the quality of M&A resources has a stronger positive effect on the servitization of manufacturing industry. However, the promotion of service-oriented level brought by M&A does not significantly improve the enterprise performance. This may be related to the “time lag effect” or the management level after M&A. The study reveals the mechanism through which overseas M&A facilitates the leapfrog development of servitization of manufacturing industry and the improvement of corporate performance, summarizes the unique model of China's manufacturing enterprises to achieve service-oriented transformation, and proposes a universal approach for manufacturers in emerging economies to achieve sustainable growth and move upstream of the industrial chain.

Keywords: M&A, Resource quality, Servitization of manufacturing industry, Resource local stickiness, Industrial clock.

I. INTRODUCTION

Over the past 40 years of reform and opening up, China's real economy has made considerable progress, and the manufacturing industry has developed a comprehensive and sizable industrial system. In 2020, China's industrial added value reached 31.31 trillion yuan,

making it the world's largest manufacturing country for the 11th consecutive year. However, with the deepening of economic globalization and the transformation and upgrade of consumption structure, China's manufacturing industry faces huge challenges. Southeast Asian and South Asian countries that attract external investments with lower manufacturing costs have become strong rivals against China in the low-end market, while the developed western countries attempt to prevent China from entering the high-end manufacturing market by creating technical blockages. In short, China's manufacturing industry faces a "dilemma". In such a context, the Chinese government has taken service-oriented manufacturing as one of directions for manufacturing enterprises' future development. Existing research shows that the servitization of manufacturing industry can help companies gain profits, improve their competitive advantage, and expand market share^[1]. From an international perspective, some leading multinational giants such as General Electric, IBM, Rolls Royce, Fujitsu and Siemens have gradually changed their market share from product manufacturing alone to a combination of manufacturing and services since the 1990s, in order to maintain international competitiveness^[2]. However, compared with developed countries, companies from emerging markets such as China generally started late and were slow in service transformation, especially in terms of providing customized services and overall solutions.

The theory of multinational investment in emerging markets represented by the springboard theory believes that through M&A, emerging market multinational enterprises (EMNEs) can integrate overseas strategic resources, which allows them to quickly bolster their weak spots, catch up with their competitors, and participate in the international competition^[3]. At present, China's manufacturing industry has obtained high-end service resources through overseas M&A, presenting a large number of successful cases in service-oriented transformation. For example, in 2015, Broad-ocean Motor Co., Ltd became fully involved in the rotating electrical appliance business of commercial vehicles (especially medium and heavy-duty vehicles) through the mergers and acquisition of Prestolite Electric Incorporated. After this acquisition, Broad-ocean expects to further improved its vehicle rotating electrical products in terms of technology R&D and quality management system, while the product sales channels and service systems will also become more complete. At the same time, Broad-ocean Motor will carry out further exchanges and cooperation with the high-quality customer base of Prestolite (Daimler, Volkswagen, Ford, Volvo, etc.) to increase the company's profitability and product market share. In the same year, Shaangu Power.Co., Ltd acquired the Czech company EKOL, and the two parties will conduct comprehensive merge and integration at cultural, institutional and strategic levels. Focusing on compressors and steam turbines, a complete set of equipment and system solutions with Shaangu Power's core intellectual property rights and key technology systems are formed. At the same time, with the help of EKOL overseas sales channels and overseas EPC engineering experience, Shaangu Power will enrich and strengthen its existing overseas market system, and further

expand from product sales to EPC services, operation services, product life cycle services and system solutions, so as to enhance the company's competitiveness in overseas markets. Against the backdrop of the above-mentioned theory and reality, it's worth examining whether overseas M&As accelerate the service-oriented transformation of Chinese manufacturing companies, thereby improving corporate performance; If so, what is its internal mechanism and how do various resource attributes and industrial backgrounds affect service-oriented transformation of enterprises differently. Following a research structure of "Overseas M&A-Service-oriented Transformation-Enterprise High-Quality Development", the study aims to answer the above questions from an empirical perspective by drawing on the micro data of Chinese listed companies involved in overseas M&A.

The study may have the following contributions:(1) Starting from the stage of resource identification before M&A, it examines the influence mechanism of resource quality on enterprises' service-oriented transformation and can supplement existing researches; (2) Introducing industrial background and resource attributes into the empirical analysis, it explores whether overseas M&A have a heterogeneous impact on the service-oriented transformation of manufacturing enterprises. (3) It further examines whether overseas M&A can improve corporate performance through facilitating service-oriented transformation and provide a realistic approach for the service-oriented transformation and upgrading of China's manufacturing industry.

II. THEORETICAL ANALYSIS AND RESEARCH HYPOTHESES

The term "Servitization" was first proposed by Vandermerwe and Rada^[4], who defined the term as the transition of manufacturing companies from providing products only to offering "product-service packages". This transformation process is customer-centric, and service is the core in the entire "package" and the main source of profit. In recent years, researchers have found that with reducing transportation costs and developments in ICT, big data and other technologies, the trend of manufacturing service-oriented transformation is getting stronger in developed countries^[5], the "Reindustrialization" strategy of the United States, Germany's "Industry 4.0" plan and South Korea's "Smart Factory" initiative are examples of countries making every effort to get the upper hand for the next industrial revolution. In academia, researchers have carried out in-depth studies on the theories of enterprise servitization and the relationship between servitization and enterprise performance. Reiskin et al. believe that servitization is a process of shifting from product-centric enterprise to service-centric enterprise^[6]. Skaggs and Droege found through research on manufacturing companies that, compared with manufacturing-only companies, companies who are more service oriented have more efficient output and higher profit level^[7]; He and Lai divided the

services provided by manufacturing companies into product-oriented and customer-oriented, and found that both types of services have a positive impact on corporate performance^[8]; empirical study findings of Kohtamäki and Helo show that product service influences corporate performance through the intermediary variable of service orientation (that is, the company's tendency toward servicing strategy), and there is an indirect positive correlation between the two factors^[9]. Hyun and Kim believe that organizational changes within an enterprise will influence servitization performance, this challenges the profitability of service-oriented manufacturing industry^[10]. Scholars such as Görg and Jabbour^[11], Breinlich et al.^[12] discussed the impact of trade and foreign investment on the service-oriented transformation of enterprises from the perspective of an open economy. Xing et al. conducted a case study on overseas M&A of Chinese companies in Germany, revealing the impact of three different M&A integration strategies, i.e. increasing, utilizing and restructuring on service-oriented transformation, and proposed that EMNES can formulate service strategies by leveraging the target's service department or the KIBs companies in the area where the target party is located to improve their own service level^[13]. However, there is no empirical research on specific paths for Chinese manufacturing companies to promote their own service levels and performance through M&A of overseas strategic resources. Starting from the core element of M&A resource quality, this part aims to explain the internal mechanism of overseas M&A's impact on enterprises' service-oriented transformation and performance improvement, before proposing relevant research hypotheses.

2.1 Research Hypothesis of Overseas M&A's Influences on the Service-oriented Transformation of Manufacturing Industry

The motivation for internationalization of emerging economies is mainly to make up for their shortcomings in global competition, they expect to enter developed countries' markets through M&A and other approaches and access high-quality resources^[14]. Muller and Zenker found that a company's servitization can be improved through M&A of a target company that is better in this regard^[15]. Through M&A, the resources and capabilities of the acquirer and the target party can be integrated, bringing more development opportunities and ultimately benefiting both parties. Therefore, the quality of target companies resources is a core element in overseas M&A.

The target's high-quality service resources mean that it has the supporting elements required for a high-level service strategy, such as high-quality talents, premium service businesses, product development and design, management experience and marketing models. The acquirer can continuously learn and accumulate in the process of resource integration, and acquire the resources and experiences required by the service-oriented strategy. At the same time, with the

help of the target's supply and marketing network, the acquirer can establish new customer relationships and R&D partnerships, obtain first-hand customer feedback about the services, achieve in-depth interaction with consumers and intuitively understand consumers' needs and preferences for services, thus efficiently and precisely improving its servitization level. In addition, thanks to the interconnectivity between companies in the region ^[16], the acquirer can use the target company as a lever for integrating into the overseas network ^[17], accessing high-quality external resources through the target company's network ^[18] and establish linkage with local Knowledge-Intensive Business Service (KIBS) companies. Studies have shown that KIBS can provide manufacturing companies with high-value-added specialized services related to their main business ^[19]. Frequent interactions with service companies in close proximity can help manufacturers develop comprehensive and highly differentiated service products ^[20], which will help improve their level of servitization. Thus the study proposes the following hypothesis:

Hypothesis 1: The higher the quality of M&A service resources, the more it will help the acquirer to improve its own servitization level.

2.2 The impact of resource stickiness on the relationship between the quality of M&A resources and the manufacturing industry servitization

Bustinza et al. pointed out that service-related support resources, such as knowledge, experience, process, customer loyalty, etc., are characterized by stickiness, being embedded, contextual, and cultural ^[21]. The degree of stickiness determines the difficulty of resource transfer. If a company's resources have high regional stickiness, a series of service activities such as product development and sales will be significantly local-bonded ^[22]. The market is usually a highly concentrated area centered on the host country, and resource transferability is low. But from an alternative perspective, such companies are usually more deeply embedded in the regional network of the host country and more closely linked with local companies. Benefiting from the agglomeration effect of various resources, these companies are interconnected and inter-supplementary ^[16]. Such coordinated positioning makes it easier for companies to obtain relatively more supply channels, more competitive prices, and more specialized products. It creates relational capital and social embeddedness at close range, thus enabling companies to benefit from the explicit and implicit knowledge spillovers resulted from coordinated positioning ^[23]. Enterprises gain access to the target's high-quality network resources through M&A, and achieve servitization improvements by enhancing R&D intensity and establishing strategic alliances with knowledge-intensive enterprises. Thus the study proposes the following hypothesis:

Hypothesis 2: The resource local stickiness positively regulates the relationship between the quality of M&A resources and the servitization of manufacturing industry.

2.3 The impact of industrial clockspeed on the relationship between the quality of M&A resources and the servitization of manufacturing industry

Fine first introduced the concept of industrial clock speed to characterize the dynamic change rate of the industry determined by factors such as product, process, and organizational structure ^[24]. For example, industries such as computers and semiconductors develop rapidly, new products and technologies are emerging and updated at a fast rate. Such industries are called the fast clock speed industry. In contrast, the petrochemical, mining, and other industries related to natural resources have relatively low technological dynamics and slow progress. Such industries belong to the slowclock-speed industry. The significant difference between fast and slow industrial clock speed lies in the sustainability of competitive advantages and the availability of feedback learning ^[25]. When the industrial clock speed is fast, it is difficult for companies to maintain their competitive advantages based on existing innovations, and they must make strategic changes and investment choices frequently ^[26]. Due to the rapidness of industry change, corporate managers may lack of sufficient time to link target resources, and the acquirer's management of target resources cannot play a role in a timely manner amid fast market changes, and the effect of servitization is largely submerged in high-speed iteration of technology and products, resulting in certain level of "time compression diseconomies". On the contrary, in industries with slow industrial clockspeed, the industrial chain is long, technological and competitive changes are slow, and the past strategic actions are "persistent^[27]", so the acquirer has plenty of time to refine and integrate the service resources of the target; In addition to directly employing the high-quality service resources of the target, the acquirer is also able to obtain implicit knowledge and experience required by the high-level service strategy during the optimization of target resources, thereby facilitating its service-oriented transformation. Thus the study proposes the following hypothesis:

Hypothesis 3: In industries with slow industrial clock speed, quality M&A resources has a stronger effect on improving manufacturing industry servitization.

2.4 The Intermediary Mechanism of Manufacturing Servitization

Existing studies have shown that the service-oriented transformation of traditional manufacturers can improve corporate profitability and operating performance, thus extending the value chain towards both ends ^[28]. If quality M&A resources can promote the service-oriented transformation of manufacturing companies, can such transformation create

value for the company? The author believes that the M&A of overseas high-quality service resources can fully develop and utilize the service business of the target, making it complementary to the acquirer's main business. This allows the acquirer to further expand the scope of services, improve service quality, increase product added value and enhance performance and value of the enterprise. For instance, in 2007, Siemens completed the acquisition of UGS, a global leading product lifecycle management (PLM) software and service provider located in Texas, USA. The acquisition expanded Siemens' industrial software service business, enabling Siemens A&D to become the world's first provider of integrated software and hardware solutions throughout the entire product life cycle. The acquisition will enable Siemens to develop at a higher speed, achieve greater added value and distinguish itself from its competitors. Meanwhile, the acquirer can leverage the target as a "springboard" to access the local network resources of the host country, establish contacts with local KIBS companies, establish new customer relationships and R&D partnerships, and achieve its own service-oriented transformation and performance improvement. Thus the study proposes the following hypothesis:

Hypothesis 4: Quality M&A resources have a positive effect on the performance of the acquirer through the intermediary role of the manufacturing industry servitization.

Figure 1 shows the theoretical model of this paper: In the process of service-oriented transformation of China's manufacturing industry through overseas M&A, the resource quality of the target party will have a positive effect on the service-oriented level. This positive effect is regulated by the change frequency of the acquirer's industry and the regional stickiness of the target party's resources. At the the same time, the improvement of service level can positively promote the enterprise performance level.

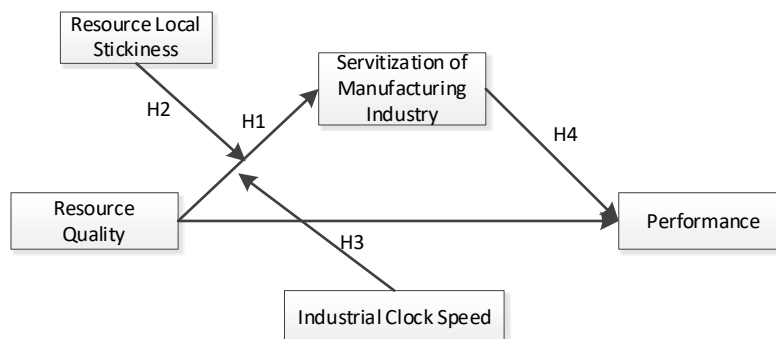


Fig 1: Theoretical models

III RESEARCH DESIGN

3.1 Samples and Data

Based on Bvd-Zephyr, the world's authoritative overseas investment database, the study focuses the overseas investment of Chinese listed manufacturing companies and screens out 197 samples of M&A events from 2001 to 2018. For the accuracy and credibility of the conclusions and combining with the research needs, the data samples are screened and modified as follows: (1) The acquirer is a listed company in China's manufacturing industry (NAICS Code: 31-33); (2) The target party is a non-Chinese enterprise; (3) Only M&A events marked as Completed and Completed Assumed are selected; (4) Examples of capital increase and share expansion of established overseas subsidiaries and multiple capital increases in the same M&A are deleted; (5) Multiple M&A samples of the same enterprise in the same year are screened, comprehensively considering the transaction amount and transaction type to select the samples with the largest amount and equity acquisition. After screening, 148 samples were finally obtained for the study.

At the same time, the study obtains complete financial data information of Chinese acquirers, including enterprise performance, enterprise age, development ability, etc., from China Industrial Enterprise Database and CSMAR Database overseas target data information are obtained through BvD-Osiris global listed company database. The service quality, industrial clock speed and other data information of both M&A parties are obtained through Lexis Nexis global news database, Google search, M&A announcement of listed companies, enterprise annual report and other channels.

3.2 Variable Description

3.2.1 Explained variable

Performance of the acquirer (PMC): Measured by the growth rate of return on net assets two years after M&A.

3.2.2 Explanatory variable

Resource Quality (RQ): the quality of M&A resources is measured by the servitization level of the target party in the year of M&A. Consistent with the measurement method of explained variable, the servitization level is characterized by the number of service businesses carried out by enterprises.

3.2.3 Intermediary variable

Servitization of manufacturing industry (SMI): referring to the research idea of Neely^[29], the study takes the number of service businesses carried out by enterprises as an index to measure the degree of servitization. The services related to the main business in manufacturing enterprises are classified into eight types: ① consulting services and training service (including product consultation, market consultation, operation and management consultation and various trainings); ② design and development services (partial technology): including software design, development, maintenance, upgrade and transfer, technical guidance, data and information processing services, system integration, system operation and maintenance, comprehensive technical services, etc. ③ financial services; including financial leasing, financing services, insurance, etc. ④ installation and maintenance service: including basic technical support such as maintenance, repair, installation, inspection, execution, product inspection and appraisal, and various after-sales services; ⑤ leasing services: including product leasing, machinery and equipment leasing and other operating leasing; ⑥ outsourcing and operating services (including integration of engineering design and contracting, overall solution, etc.); ⑦ retail and distribution services, sales service (including distribution, wholesale and retail, international trade, etc.); ⑧ logistics services: including loading and unloading, handling, warehousing and transportation, etc.

The change of servitization level of manufacturing enterprises before and after M&A is characterized by the difference between the servitization level of the acquirer in the year of the M&A and that of two years later.

3.2.4 Moderating variable

Resource Local Stickiness, RLS. In reference to the quantitative method of local regional orientation and the purpose of M&A in the existing literature^[30], and considering the availability of data, the resource local stickiness is characterized by the product sales range of the target party in the year of M&A. If the products of the target party are sold globally, or the purpose of the M&A is to expand the sales channels of the acquiring enterprise in the target party's region, the assignment is 1; if the products of the target party are sold in two or more regions (continents), the assignment is 2; if the products of the target party are sold only in its own region (continent), the assignment is 3; if the products of the target party are sold domestically, the assignment is 4. The related data of resource local stickiness comes from M&A announcement and BvD-Osiris database.

Industrial Clock Speed (ICS): based on the analysis of Patel et al ^[31]. and combined with the text analysis method, the study matches the industry classification standard code of the enterprise, retrieve the occurrence frequency of keywords related to “innovation” in the industry news reports, such as new products and new technologies, and divide the sample into two groups of fast clock industry and slow clock industry according to the above occurrence frequency median. The results of this measurement method are basically consistent with the division of fast and slow clock industries in previous studies ^[27], such as computer and semiconductor industries are of fast clock speed, while aircraft manufacturing and petrochemical industries are of slow clock speed.

3.2.5 Controlled variable

In order to control other main influencing factors of servitization of manufacturing industry, the following variables are selected as controlled variables in the study:

Enterprise age (Age): the enterprise age two years after M&A.

Development Capacity (DC): development capacity is the ratio of the growth of total assets at the end of the year to the total assets at the beginning of the year. The data is from CSMAR Database.

Capital intensity (Capital): expressed as the ratio of fixed assets to the number of employees;

Enterprise scale (Scale): expressed as the logarithmic value of the number of employees in the enterprise;

Table I shows the names, symbols, measurement methods and data sources of the above variables.

TABLE I. Variable definitions

	NAME OF VARIABLE	SYMBOL	MEASUREMENT METHOD	DATA SOURCE
EXPLAINED VARIABLE	Performance of the acquirer	PMC	Measured by the growth rate of return on net assets two years after M&A.	Enterprise annual report

EXPLANATORY VARIABLE	M&A resource quality	RQ	Service level of target party in the year of M&A	M&A announcement BvD-Osiris database Lexis Nexis database
INTERMEDIARY VARIABLE	Servitization of manufacturing industry	SMI	The difference between the service level of the acquirer in the current year and the two years after the M&A.	Enterprise annual report M&A announcement
MODERATING VARIABLE	Resource Local Stickiness	RLS	Sales range of products of the target party in the year of M&A	M&A announcement BvD-Osiris database
	Industrial clock speed	ICS	Technology update speed of the target industry. Fast speed: 1, Low speed:0	Google search
CONTROLLED VARIABLE	Enterprise Age	AGE	Duration of the acquirer's enterprise	CSMAR database Enterprise annual report Enterprise website
	Development capacity	DC	The ratio of the growth of total assets at the end of the year to the total assets at the beginning of the year	
	Capital intensity	Capital	Ratio of fixed assets to number of employees	
	Enterprise scale	Scale	Logarithmic representation of the number of employees	

IV EMPIRICAL ANALYSIS

4.1 Descriptive Statistics and Collinearity Analysis

In order to avoid multicollinearity between variables, this paper uses correlation coefficient matrix and variance inflation factor (VIF) to test multicollinearity, and provides descriptive

statistical results of each variable, as shown in Table2. The correlation coefficient of each variable is lower than 0.6, with VIF<10, indicating that there is no multicollinearity between the variables. There is a significant correlation between the quality of M&A resources and the servitization level of the acquirer, as well as between the servitization level of the acquirer and its corporate performance. This provides the necessary prerequisites for further testing of variable correlation in this study.

TABLE II. Variables descriptive statistic and correlation test

Variable	Mean	SD	VIF	RQ	Age	DC	Cap	scal e	SMI	RL S	ICS	PM C
RQ	1.53	0.899	1.14	1								
AGE	15.82	5.866	1.048	0.024	1							
DC	0.00002	1.003374	1.050	-0.022	0.006	1						
CAP	-0.11649	0.063173	1.038	-0.189*	0.101	-0.008	1					
SCAL E	0.00005	1.003408	1.023	-0.037	0.110	-0.009	0.009	1				
SMI	0.28	0.557	1.06	0.168*	0.038	0.092	0.092	0.071	1			
RLS	-0.0301	0.66422	1.18	-0.312**	0.144	-0.079	-0.079	0.067	-0.155	1		
ICS	0.63	0.485	1.059	-0.109	0.108	0.140	0.14	0.056	0.031	0.139	1	
PMC	-0.1216	4.40044	--	-0.009	-0.176*	0.104	0.104	-0.031	0.063*	0.039	-0.148	1

*Significant at the 10% level (Two tailed)

**Significant at the 5% level (Two tailed)

4.2 Mediation Effect Testing

In this study, Model 4 of PROCESS for SPSS proposed by Hayes ^[32] was used to process the mediation effect model data. The empirical results that the quality of M&A resources significantly positively affects the servitization level of manufacturers (coeff=0.11, SE=0.05,

t=2.09, P<0.05). Bootstrap method was further used to test the significance of mediation effect, set bootstrap samples 2000 times, and the offset correction interval is 95 found% on both sides. It is found that, indirect effect is 0.024, SE=0.023, 95% CI is [-0.014, 0.076], the confidence interval contains 0, therefore, it shows that the intermediary effect of manufacturing service is not significant, similarity with the findings of Hyun and Kim (2021). One of possible explanations is caused by growth of service business, it will increase the operating cost, so the promotion effect of short-term servitization on enterprise performance may not be significant, or even decline. However, as servitization eventually matures, the performance of manufacturing enterprises is expected to improve rapidly.

4.3 Moderating Effect Testing

Since the model in this paper is a moderated mediation model, the PROCESS for SPSS Model 9 proposed by Hayes ^[32] is preferred for model data processing. Considering the moderating effect to be analyzed, this study performs mean centering on independent variables and adjustment variables in order to reduce the chance of X and M being highly correlated with XM, resulting in multicollinearity, which makes the estimation of regression coefficients inaccurate and reduces the effect and accuracy of the statistical test for interaction ^[32].

As shown in Table III, the targe resource quality has a significant positive effect on the service level of manufacturing industry, with a coefficient of 0.2689, which is proved by hypothesis 1.Resource local stickiness significantly positively regulates the relationship between resource quality and servitization of manufacturing industry, and the adjustment coefficient is 0.1355, which is proved by hypothesis 2.The industrial clock speed negatively regulates the relationship between resource quality and servitization of manufacturing industry, and the adjustment coefficient is -2.0577, that is, in industries with slow industrial clock, resource quality plays a stronger role in improving manufacturing service. Hypothesis 3 is proved.

TABLE III. Moderating effect test

	SMI		
	coeff	se	t
RQ	0.2689	0.0942	2.8553**
RLS	-0.4063	0.1366	-2.974**
RQ*RLS	0.1335	0.0509	2.6214**
ICS	0.4569	0.2149	2.1266*
RQ*ICS	-0.253	0.1229	-2.0577*

Control variables			
AGE	0.0042	0.008	0.53
DC	0.0455	0.0501	0.9094
CAPITAL	0.2238	0.7572	0.2956
SCALE	0.0455	0.0501	0.9094
	R ²	F	
RQ*RLS	0.0485	7.4***	
RQ*ICS	0.0272	4.15**	

*p<0.1, **p<0.05, ***p<0.001

V. RESEARCH RESULTS AND MANAGEMENT IMPLICATIONS

Servitization is an important way for manufacturing enterprises to improve the degree of product differentiation and customer satisfaction, and it is of great significance to improve the competitiveness of enterprises. For manufacturing enterprises in emerging markets such as China, the major challenges reside in how to integrate and utilize overseas high-end service resources, improve the servitization level in a short time, and occupy the middle and high-end of the industrial chain.

The study empirically verifies the feasibility of realizing service-oriented transformation of China's manufacturing industry through overseas M&A. The high-quality service resources of the target party will help Chinese manufacturing enterprises establish a close relationship with the service resources of the host country, and improve their servitization level rapidly. Comparing with their faster counterparts, enterprises with slow industrial clock speed can better realize service-oriented transformation by leaps and bounds through overseas M&A, so as to improve enterprise performance. Although the higher resource local stickiness brings difficulties in management integration, it is more conducive to the improvement of servitization level of China's manufacturing industry. However, the empirical research results also show that the promotion of service-oriented level brought by M&A does not significantly improve the enterprise performance. Aanalyze the possible causes: 1. Service-oriented brings the increase of operation cost, enterprise performance may not rise significantly in a short time, and even some enterprise performance has declined; 2. Most overseas M&A of Chinese enterprises adopt the method of “touch integration”, which lacks learning and absorption of the organizational structure, management process and supply and marketing channels behind the high-end service strategy of the target party, and fails to internalize into their own.

Based on the above analysis conclusions, the following policy suggestions are put forward:

At the government level, China should make full use of its advantages as a major power, actively participate in the reform of global economic governance system, create a favorable external environment, enhance the trust of the host government and people for Chinese enterprises, reduce the cultural conflicts and frictions faced by Chinese enterprises going abroad, reduce the risks and costs of M&A, help Chinese enterprises to move upstream in the global value chain, and maintain a stable and sound development pattern of Chinese economy.

At the enterprise level, before the M&A, enterprises should first accurately identify the resource attributes of the target party and select the target party with high-quality service resources. After the M&A, manufacturing enterprises should strive for a higher level of resource management, carefully consider the “light integration”, make full use of the resources of the target party, gradually penetrate its local network, and establish cooperative relations with local knowledge-intensive service industries, so as to further improve their ability and level of linking high-quality service resources and achieve the goal of service-oriented transformation. In terms of industry heterogeneity, the manufacturing industry with fast and slow industrial clock speed should adopt different M&A strategies, while the manufacturing industry with fast industrial clock speed should focus on the selection of the target party's resource quality. Due to the rapid renewal and change of its industry, there is not enough time for enterprises to expand the local network resources of the target party, so it would be better for them to select the target party with low local stickiness and low transfer difficulty, so as to save time and cost of resource utilization and seize market opportunities. For enterprises with slow industrial clock speed, high-quality service resources and high-level resource management are the key points to be concerned about. It means that they should make long-term strategic plans, carefully identify the local network embeddedness of the target party, and select the target party with strong stickiness but hidden local network resources as appropriate to maximize the value of the M&A resources.

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